

Message Text

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PAGE 01 LONDON 13310 01 OF 02 111811Z

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ACTION EB-06

INFO OCT-01 EUR-08 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 L-01 DRC-01 SS-20

NSC-05 /050 W

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P 111803Z OCT 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 4725

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJ: CIVAIR - SEABOARD SCHEDULES

REF: STATE 222822

1. ROGERS AND KIMMIS, DEPARTMENT OF TRADE, BOTH ABROAD SO WE DISCUSSED SEABOARD SCHEDULES AT LENGTH ON OCT. 10 WITH IAN BROWN OF SAME DEPARTMENT. OBVIOUSLY FOLLOWING INSTRUCTIONS GIVEN HIM BY ROGERS, BROWN AGREED EXTEND SEABOARD'S 747 PERMIT UNTIL OCT. 31 ON UNDERSTANDING THAT THIS WOULD BE LAST EXTENSION UKG WOULD MAKE UNLESS, BEFORE TERMINATION DATE, CARRIERS AND/OR GOVERNMENTS GOT TOGETHER AND AGREED ON CARGO CAPACITY TO BE OPERATED IN US-UK MARKET. BROWN SAID, REGARDLESS OF ANY UNDERSTANDING ON FOREGOING, UK WOULD INSIST THAT "IRREGULARITIES" IN CERTAIN OTHER US ALL-CARGO FLIGHTS (DESCRIBED LONDON 10800) BE CORRECTED BY END OF MONTH. BROWN ALSO MAINTAINED THAT FLIGHTS INVOLVING BLIND SECTOR POINTS IN SWITZERLAND AND ITALY WOULD ENCOUNTER PROBLEM OF SAME NATURE AS SEABOARD EXPERIENCING ON PARIS/LONDON BLIND SECTOR, I.E., US CARRIERS MAY NOT CARRY NEW YORK/LONDON CARGO OVER SWISS OR ITALIAN POINTS. (BROWN INDICATED THAT "IRREGULARITIES" INVOLVING NON-BLIND POINTS COULD BE TAKEN CARE OF BY RENUMBERING FLIGHTS. HE ALSO ACKNOWLEDGED THAT BLIND SECTOR PROBLEM WOULD NOT ARISE IF AIRLINES FIRST

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PAGE 02 LONDON 13310 01 OF 02 111811Z

STOP AFTER LONDON OR LAST STOP BEFORE LONDON WERE AT A

NON-BLINDED POINT, E.G., NEW YORK/LONDON/FRANKFURT
(CHANGE FLIGHT NUMBER)/SWISS POINTS/ITALIAN POINTS/NEW
YORK, IN EITHER DIRECTION).

2. WE, OF COURSE, TOLD BROWN THAT USG DOES NOT BELIEVE
THERE IS EXCESS CAPACITY IN CARGO MARKET AND THEREFORE
IT DOES NOT BELIEVE INTERCARRIER CARGO CAPACITY RATION-
ALIZATION TALKS ARE APPROPRIATE. BROWN SAID UKG AND
BRITISH CARRIERS DISAGREE WITH US ON BOTH POINTS. HE
SAID UKG (ROGERS) WOULD BE WILLING DISCUSS CAPACITY
SITUATION WITH USG IN LONDON DURING WEEK OF OCT. 21.

3. WE ALSO POINTED OUT THAT ALTERNATIVES TO CURRENT
SEABOARD 747 ROUTING COULD VERY WELL PUT MORE CAPACITY
INTO LONDON MARKET. BROWN SAID UKG RECOGNIZED THAT THAT
WAS POSSIBILITY BUT WAS PREPARED TO ACCEPT POSSIBLE
CONSEQUENCES BECAUSE IT FIRMLY BELIEVED CURRENT SERVICE
NOT LEGAL UNDER AIR TRANSPORT AGREEMENT. EXCESS CAPACITY
QUESTION WOULD ALSO BE DEALT WITH IN ACCORDANCE WITH
PROVISIONS OF THE AGREEMENT IF THIS PROVED TO BE
NECESSARY, BUT BROWN SAID, UK HOPED PROBLEM COULD BE
HANDLED WITHOUT RESORT TO CONFRONTATION.

4. COMMENT: BRITISH ARE CONVINCED THEIR LEGAL POSITION
ON SEABOARD'S 747 SERVICE IS IRREFUTABLE. BECAUSE WE
DISAGREE, TWO SIDES PERCEIVE CURRENT SITUATION QUITE
DIFFERENTLY. US LOOKS AT THREAT TO TERMINATE 747 PERMIT
AS GUN TO THE HEAD OF CARRIER TO FORCE UNNECESSARY RE-
DUCTION IN CARGO CAPACITY TO PROTECT BRITISH AIRLINES.
UK, FOR ITS PART, BELIEVES THERE IS EXCESS CAPACITY BUT
IS PREPARED HOLD OUT, AS AN INDUCEMENT TO REDUCE CAPACITY,
THE EXTENSION OF AUTHORITY TO OPERATE WHAT UK CONSIDERS

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PAGE 01 LONDON 13310 02 OF 02 111809Z

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DOT-00 INR-05 NSAE-00 RSC-01 FAA-00 L-01 SS-20 NSC-05

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P 111803Z OCT 74

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TO SECSTATE WASHDC PRIORITY 4726

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 13310

TO BE AN ILLEGAL SERVICE.

5. REFTEL STATES BA MAKES NO CLAIM THERE IS EXCESS CAPACITY IN MARKET. THIS IS NOT REPEAT NOT CORRECT. NOT-WITHSTANDING WHAT MAY OR MAY NOT HAVE BEEN AGREED WHEN SEABOARD VP STEVENS DISCUSSED SITUATION WITH BRITISH CARRIERS, BA NOW IS STICKING WITH MARKET STATISTICS IT PRESENTED DURING WASHINGTON TALKS AND BOTH BRITISH CARRIERS AND UKG MAINTAIN THERE IS EXCESS CARGO CAPACITY. THERE APPEARS TO BE FUNDAMENTAL DISAGREEMENT BETWEEN SEABOARD AND BRITISH CARRIERS ON EVEN SUCH BASIC STATISTICS AS VOLUME OF CARGO IN THE MARKET AND AMOUNT OF CAPACITY BEING OPERATED.

6. BA HAS CONVINCED UKG THAT DISPARATE SITUATION EXISTS IN CARGO MARKET. UKG IS DUG IN AND IT WILL BE DIFFICULT TO CHANGE UKG VIEW AND GET AGREEMENT ON CONTINUATION OF PRESENT SEABOARD 747 SERVICE. NEVERTHELESS, BECAUSE THERE ARE SUCH GROSS DISCREPANCIES IN THE MARKET STATISTICS OF THE TWO SIDES, WE BELIEVE WOULD BE USEFUL TO TAKE UP UKG OFFER TO CONSULT ON STATISTICS TO REDUCE CHANCES OF CONFRONTATION BASED ON ERRONEOUS UNDERSTANDING OF SITUATION AND, HOPEFULLY, TO PRESERVE SEABOARD'S PRESENT 747 FLIGHT SCHEDULE.

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PAGE 02 LONDON 13310 02 OF 02 111809Z

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